

**1st Sub. H.B. 42**  
**INSURANCE RELATED MODIFICATIONS**

Representative **James A. Dunnigan** proposes the following amendments:

1. *Page 3, Lines 67 through 68:*

- 67           ▶     imposes record retention requirements under the Continuing Care Provider Act; ~~{and}~~  
              ▶ repeals the Voluntary Health Insurance Purchasing Alliance Act; and  
68           ▶     makes technical and conforming amendments.

2. *Page 3, Lines 74 through 75:*

- 74    AMENDS:  
          16-6a-207, as last amended by Laws of Utah 2016, Chapter 234  
          16-6a-301, as last enacted by Laws of Utah 2016, Chapter 234  
75       31A-2-308, as last amended by Laws of Utah 2012, Chapter 253

3. *Page 4, Lines 112 through 113:*

- 112       31A-30-107.1, as last amended by Laws of Utah 2003, Chapter 252  
          31A-35-103, as last amended by Laws of Utah 2016, Chapter 234  
113       31A-37-102, as last amended by Laws of Utah 2016, Chapter 138

4. *Page 5, Lines 145 through 146:*

- 145       31A-22-718, as enacted by Laws of Utah 1995, Chapter 344  
          31A-34-101, as last enacted by Laws of Utah 1996, Chapter 143  
          31A-34-102, as last enacted by Laws of Utah 1996, Chapter 143  
          31A-34-103, as last enacted by Laws of Utah 1996, Chapter 143  
          31A-34-104, as last amended by Laws of Utah 2011, Chapter 297  
          31A-34-105, as last amended by Laws of Utah 2000, Chapter 300  
          31A-34-106, as last enacted by Laws of Utah 1996, Chapter 143  
          31A-34-107, as last amended by Laws of Utah 2011, Chapter 297  
          31A-34-108, as last amended by Laws of Utah 2000, Chapter 300  
          31A-34-109, as last enacted by Laws of Utah 1996, Chapter 143  
          31A-34-110, as last amended by Laws of Utah 2001, Chapter 108  
          31A-34-111, as last enacted by Laws of Utah 1996, Chapter 143  
146       31A-37-306, as last amended by Laws of Utah 2015, Chapter 244

5. *Page 5, Line 148:*

**Section 1. Section 16-6a-207 is amended to read:**

**16-6a-207. Incorporation of cooperative association.**

(1) (a) If a cooperative association meets the requirements of Subsection (1)(b), it may:

- (i) be incorporated under this chapter; and
- (ii) use the word "cooperative" as part of its corporate or business name.

(b) A cooperative association described in Subsection (1)(a):

- (i) may not be ~~{(A)}~~ an association subject to the insurance or credit union laws of this

state; **and**

~~{(B) a health insurance purchasing association as defined in Section 31A-34-103; or}~~

~~{(C) a health insurance purchasing alliance licensed under Title 31A, Chapter 34, Voluntary Health Insurance Purchasing Alliance Act; and}~~

(ii) shall state in its articles of incorporation that:

(A) a member may not have more than one vote regardless of the number or amount of stock or membership capital owned by the member unless voting is based in whole or in part on the volume of patronage of the member with the cooperative association; and

(B) savings in excess of dividends and additions to reserves and surplus shall be distributed or allocated to members or patrons on the basis of patronage.

(2) (a) Any cooperative association incorporated in accordance with Subsection (1):

- (i) has all the rights and is subject to the limitations provided in Section 3-1-11; and
- (ii) may pay dividends on its stock, if it has stock, subject to the limitations of Section 3-1-11.

(b) The articles of incorporation or the bylaws of a cooperative association incorporated in accordance with Subsection (1) may provide for:

- (i) the establishment and alteration of voting districts;
- (ii) the election of delegates to represent:
  - (A) the districts described in Subsection (2)(b)(i); and
  - (B) the members of the districts described in Subsection (2)(b)(i);
- (iii) the establishment and alteration of director districts; and
- (iv) the election of directors to represent the districts described in Subsection (2)(b)(ii) by:
  - (A) the members of the districts; or
  - (B) delegates elected by the members.

(3) (a) A corporation organized under Title 3, Uniform Agricultural Cooperative Association Act, or Title 16, Chapter 16, Uniform Limited Cooperative Association Act, may convert itself into a cooperative association subject to this chapter by adopting appropriate amendments to its articles of incorporation by which:

- (i) it elects to become subject to this chapter; and
- (ii) makes changes in its articles of incorporation that are:
  - (A) required by this chapter; and
  - (B) any other changes permitted by this chapter.

(b) The amendments described in Subsection (3)(a) shall be adopted and filed in the manner provided by the law then applicable to the cooperative nonprofit corporation.

~~{(4) Notwithstanding Subsection (1), a health insurance purchasing association may not use the word "cooperative" or "alliance" but may use the word "association."}~~

~~{(5)}~~ (4) Except as otherwise provided in this section, a cooperative nonprofit corporation is subject to this chapter.

~~{(6)}~~ (5) A corporation that is a cooperative under this chapter may convert to a limited cooperative association under Title 16, Chapter 16, Uniform Limited Cooperative Association Act, by complying with that chapter.

**Section 2. Section 16-6a-301 is amended to read:**

**16-6a-301. Purposes.**

(1) Every nonprofit corporation incorporated under this chapter that in its articles of incorporation has a statement meeting the requirements of Subsection 16-6a-202(3)(a) may engage in any lawful activity except for express limitations set forth in the articles of incorporation.

(2) (a) A nonprofit corporation engaging in an activity that is subject to regulation under another statute of this state may incorporate under this chapter only if permitted by, and subject to all limitations of, the other statute.

(b) Without limiting Subsection (2)(a) and subject to Subsection (2)(c), an organization may not be organized under this chapter if the organization is subject to the:

(i) insurance laws of this state; or

(ii) laws governing depository institutions as defined in Section 7-1-103.

~~{(c) Notwithstanding Subsection (2)(b), the following may be organized under this chapter:}~~

~~{(i) a health insurance purchasing association as defined in Section 31A-34-103; and}~~

~~{(ii) a health insurance purchasing alliance licensed under Title 31A, Chapter 34, Voluntary Health Insurance Purchasing Alliance Act.}~~

**Renumber remaining sections accordingly.**

6. *Page 116, Line 3576:*

3576 individual or a dependent of a covered individual who may become eligible for coverage.

**Section 57. Section 31A-35-103 is amended to read:**

**31A-35-103. Exemption from other provisions of this title.**

Bail bond agencies are exempted from:

(1) Chapter 3, Department Funding, Fees, and Taxes, except Section 31A-3-103;

(2) Chapter 4, Insurers in General, except Sections 31A-4-102, 31A-4-103, 31A-4-104, and 31A-4-107;

(3) Chapter 5, Domestic Stock and Mutual Insurance Corporations, except Section 31A-5-103;

(4) Chapter 6a, Service Contracts;

(5) Chapter 6b, Guaranteed Asset Protection Waiver Act;

- (6) Chapter 7, Nonprofit Health Service Insurance Corporations;
- (7) Chapter 8, Health Maintenance Organizations and Limited Health Plans;
- (8) Chapter 8a, Health Discount Program Consumer Protection Act;
- (9) Chapter 9, Insurance Fraternal;
- (10) Chapter 10, Annuities;
- (11) Chapter 11, Motor Clubs;
- (12) Chapter 12, State Risk Management Fund;
- (13) Chapter 13, Employee Welfare Funds and Plans;
- (14) Chapter 14, Foreign Insurers;
- (15) Chapter 15, Unauthorized Insurers, Surplus Lines, and Risk Retention Groups;
- (16) Chapter 16, Insurance Holding Companies;
- (17) Chapter 17, Determination of Financial Condition;
- (18) Chapter 18, Investments;
- (19) Chapter 19a, Utah Rate Regulation Act;
- (20) Chapter 20, Underwriting Restrictions;
- (21) Chapter 23b, Navigator License Act;
- (22) Chapter 25, Third Party Administrators;
- (23) Chapter 26, Insurance Adjusters;
- (24) Chapter 27, Delinquency Administrative Action Provisions;
- (25) Chapter 27a, Insurer Receivership Act;
- (26) Chapter 28, Guaranty Associations;
- (27) Chapter 30, Individual, Small Employer, and Group Health Insurance Act;
- (28) Chapter 31, Insurance Fraud Act;
- (29) Chapter 32a, Medical Care Savings Account Act;
- (30) Chapter 33, Workers' Compensation Fund;
- ~~{(31) Chapter 34, Voluntary Health Insurance Purchasing Alliance Act;}~~
- ~~{(32)}~~ (31) Chapter 36, Life Settlements Act;
- ~~{(33)}~~ (32) Chapter 37, Captive Insurance Companies Act;
- ~~{(34)}~~ (33) Chapter 37a, Special Purpose Financial Captive Insurance Company Act;
- ~~{(35)}~~ (34) Chapter 38, Federal Health Care Tax Credit Program Act;
- ~~{(36)}~~ (35) Chapter 39, Interstate Insurance Product Regulation Compact;
- ~~{(37)}~~ (36) Chapter 40, Professional Employer Organization Licensing Act;
- ~~{(38)}~~ (37) Chapter 41, Title Insurance Recovery, Education, and Research Fund Act;
- ~~{(39)}~~ (38) Chapter 42, Defined Contribution Risk Adjuster Act; and
- ~~{(40)}~~ (39) Chapter 43, Small Employer Stop-Loss Insurance Act.

**Renumber remaining sections accordingly.**

7. Page 154, Lines 4740 through 4743:

4740 This bill repeals:

4741 Section 31A-22-715, Alcohol and drug dependency treatment.

4742 Section 31A-22-718, Dependent coverage.

= **Section 31A-34-101, Title.**

**Section 31A-34-102, Purpose and intent -- Legislative findings.**

**Section 31A-34-103, Definitions.**

**Section 31A-34-104, Alliance -- Required license.**

**Section 31A-34-105, Association requirements.**

**Section 31A-34-106, Jurisdiction of the commissioner.**

**Section 31A-34-107, Directors, trustees, and officers.**

**Section 31A-34-108, Powers of and restrictions on alliances.**

**Section 31A-34-109, Operation of alliances.**

**Section 31A-34-110, Contracts with member employers and contracted insurers.**

**Section 31A-34-111, Alliance evaluation.**

4743 Section 31A-37-306, Conversion or merger.